GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:2963
ANSWERED ON:02.08.2002
REIMBURSEMENT FOR MSP
RATTAN LAL KATARIA

Will the Minister of TEXTILES be pleased to state:

(a) Whether as per Minimum Support Prices Scheme, the Government are required to procure through its nodal agencies entire quantity of jute/textile produce at guaranteed price announced by the Government;

(b) Whether the Government are also committed to reimburse entire loss incurred by nodal agencies in MSP operations;

(c) If so, the details of year-wise budgetary provision, procurement, losses incurred and losses reimbursed on MSP operations in jute undertaken by the JCI during 1999-2000 till date;

(d) Whether entire loss incurred by the JCI has been reimbursed as per policy;

(e) If no, the reasons therefor;

(f) Whether losses incurred by other agencies like CCI, FCI and NAFED are also reimbursed by the Government;

(g) If so, the details therefor; and

(h) If no, the reasons therefore?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI BASANAGOUDA R. PATIL (YATNAL)

(a) The Government of India announces Minimum Support Price (MSP) of different varieties and grades of jute/mesta for each jute season. The Jute Corporation of India (JCI) acts as the Nodal Agency to undertake MSP Operation for jute/mestaJCI intervenes in the market, whenever the prices of raw jute/mesta fall below the MSP levels. JCI is required to buy the quantity of raw jute/mesta offered by the growers at Minimum Support rate, without any quantitative restrictions. Similarly for raw cotton, MSP is announced by the Government. The Cotton Corporation of India (CCI) has been designated as the nodal agency for purchase of cotton without any quantitative restrictions in all cotton growing states, except in Maharashtra where the Maharashtra Raw Cotton (Procurement, Processing and Marketing) Act, 1971 is in operation.

(b) Yes, Sir.

(c) The details of year-wise budgetary provisions, procurement, losses incurred and losses reimbursed on MSP operations from 1999-2000 to 2001-2002 for Jute Corporation of India (JCI) are as Annex-A.

(d) & (e) The losses claimed by JCI have not been accepted by the government. JCI has been asked to submit full details of the losses incurred.

(f), (g) & (h) Yes, Sir. The details in case of CCI, FCI and NAFED are as under:

i) In case of CCI in the year 1999-2000 (Oct- Sept.), CCI did not incur any losses on account of MSP operations. In 2000-2001 (Oct Sept), as the prices remained above MSP, no purchase under MSP operations was undertaken by CCI. During the current year 2001-2002 (Oct- Sept), CCI has reported a loss of about Rs. 100 crores on account of MSP operations, out of which Rs. 25 crores has been reimbursed till date to the Corporation.

ii) In case of FCI, the Government reimburses difference between the economic cost of foodgrains and the Central Issue Price (CIP) in the form of consumer subsidy. In addition, the buffer carrying cost of foodgrains are also reimbursed to the FCI. Both the consumer subsidy and the buffer subsidy together constitute the food subsidy. The government released Rs. 8.85 thousand crores in the year 1999-2000, Rs. 11.46 thousand crores in the year 2000-2001 and Rs. 16.72 thousand crores in the year 2001-2002 as food subsidy to FCI.

iii) In case of NAFED the Government is committed to reimburse entire losses, if any, incurred by NAFED in purchase of oil seeds

and pulses in MSP operations. During the year 2000-2001, 2001-2002 and 2002-2003 the Government released Rs. 25.00 crores, Rs. 340.55 crores and 298.48 crores respectively for Price Support Scheme operations on `on account basis.`The details of the exact amount of losses has not yet been submitted by NAFED to Government of India.

ANNEXURE - A

Yearwise Details of Budgetary Provision, Procurement and Losses Incurred on MSP Operations by Jute Corporation of India (JCI) in last 3 years.

YEAR	Budgetary provision (Rs.in crores)	Procurement under MSP in lakh bales of 180 Kgs. (Rs.in crores)	Procurement losses reported by JCI in MSP operations (Rs.in crores)	Fund provided by GOI as loan
1999-2000	16.00	0.18	55.46 @	16.00
2000-2001	35.00	4.54	52.39 @	35.00
2001-2002	35.00	2.45	65.00 @ (Provisional)	35.00

@ These figures have not been accepted by Government. JCI has been directed to submit detailed break up of losses/justification for these losses.